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H. SIMON & SONS,

LIMITED

TOWN OF MOUNT ROYAL, MONTREAL • CANADA



APR 17 1961

ANNUAL REPORT 1960



H. SIMON & SONS,
LIMITED

ANNUAL REPORT

for

THE YEAR ENDED DECEMBER
THIRTY-FIRST NINETEEN
HUNDRED AND SIXTY

PRESENTED TO THE SHAREHOLDERS AT THEIR ANNUAL MEETING
APRIL TWENTY-EIGHTH NINETEEN HUNDRED AND SIXTY-ONE

H. SIMON & SONS, LIMITED

DIRECTORS

P. P. ARCHIBALD
J. ROBERT BAYLIS
SOL BORNSTEIN
H. C. FORTIER

STANLEY S. KEYSER
ALEXANDER MACLEAN
SAMUEL J. SILBERMAN
EDWARD SIMON

OFFICERS

EDWARD SIMON, *Chairman*
ALEXANDER MACLEAN, *President*
P. P. ARCHIBALD, *Vice-President*
HARRY A. SIMON, *Secretary*
J. P. GIGUERE, *Treasurer*

Legal Counsel

NORMAN N. GENSER, Q.C.

Transfer Agent

ROYAL TRUST COMPANY
MONTREAL

Registrar

CHARTERED TRUST COMPANY
MONTREAL

Executive Office

151 ROCKLAND ROAD — TOWN OF MOUNT ROYAL
MONTREAL — CANADA

H. SIMON & SONS, LIMITED

TO THE SHAREHOLDERS:

The Company's thirty-third Annual Report and the report of your auditors for the year ended December 31, 1960, are presented herewith.

Your Directors consider the year 1960 to have been relatively satisfactory. On the one hand a growing preference among cigar smokers for our brands was reflected in increased sales. On the other hand costs continued their upward march and the cigar industry continued to struggle with the heavy burden of Federal and Provincial taxes imposed upon it.

FINANCIAL RESULTS:

Profits before income taxes amounted to \$249,274, a marked improvement over the 1959 earnings but only slightly higher than in 1958. After provision for income taxes net earnings for the year were \$131,774, as compared with \$89,839, in 1959, and \$120,456, in 1958.

NEW FACILITIES:

Construction of our new plant in the City of St. Laurent began in June, 1960. It is expected that the premises will be completed late this summer and operations will begin at this location during the second half of 1961. This building, of approximately 110,000 square feet, will provide for enlarged production and distribution facilities and will also include the Company's executive offices. The plant in the Town of Mount Royal, which the Company has occupied since 1939, is being offered for sale.

The land on which the new plant is located was purchased by the Company in 1959 and has been sold to Shanley Properties Limited, which company is constructing a new building on the property in accordance with our plans and specifications. Upon completion the premises will be leased by H. Simon & Sons, Limited for a period of twenty-five years.

WORKING CAPITAL:

Net working capital increased to \$966,383, at the year end from \$721,044, at the close of 1959, largely as a result of the sale of the St. Laurent property referred to above.

GENERAL:

During 1960, packaging for the entire Simon's brand was redesigned and received a favorable consumer reaction. El Producto Corona Extra, introduced late in 1959, was placed in national distribution during 1960 and rapidly became a consumer favorite. Cigarillo Tips, companion to the already successful Simon's Cigarillo, was added to the Simon's brand late in the year, and distribution is now under way on this product.

Sales during the first quarter of 1961 have held up well, but industry growth, the best hope for future gains, has been arrested since the tax increases of 1959. It is to be expected therefore, that progress will be more difficult to achieve until such time as the market for cigars is again an expanding one.

Mr. Edward Simon, who has been associated with the Company since 1901, retired as President effective December 31, 1960, but continues to serve as Chairman of the Board of Directors. Mr. Alexander Maclean, who has been a Vice-President since 1958, has been elected President of the Company to succeed Mr. Simon.

The management and the Board of Directors wish to thank all of the members of the Simon organization for their diligence, their initiative, and their spirit of co-operation.

Respectfully submitted on behalf of the Board of Directors.

EDWARD SIMON,

Chairman of the Board

ALEXANDER MACLEAN,

President

H. SIMON & S

B A L A N C E S H E E T

ASSETS

CURRENT ASSETS:

Cash on hand and in banks		\$ 3,810.06
Accounts receivable	\$ 662,070.11	
Less provision for bad and doubtful accounts	5,000.00	657,070.11
Stock on hand, consisting of raw leaf, leaf in process, manufactured cigars, boxes, labels and bands, packing supplies, etc. per physical inventories at the lower of cost or market as certified to by officers of the company		1,529,876.69
Prepaid insurance, taxes, etc.		17,700.39
Total current assets		2,208,457.25

FIXED ASSETS, AT COST:

Real estate, buildings, machinery and equipment	1,117,215.74	
Less accumulated amount written off for depreciation	657,804.92	459,410.82
GOODWILL AND TRADEMARKS		1.00

\$2,667,869.07

Approved on behalf of the Board:

EDWARD SIMON	} Directors
ALEXANDER MACLEAN	

ONS, LIMITED

AS AT DECEMBER 31, 1960

LIABILITIES

CURRENT LIABILITIES:

Bank loans	\$ 101,043.34
Accounts payable and accrued charges	136,623.57
Excise and sales taxes	139,241.02
Employees' tax deductions	9,987.95
Due to affiliate	21,205.03
Due to parent company	720,770.38
Provision for taxes on income—estimated	98,202.70

Total current liabilities

1,227,073.99

Reserve for loss of profits on returnable
merchandise

15,000.00

STOCKHOLDERS' EQUITY:

5% cumulative redeemable preferred shares:

Authorized—

4,631 shares of \$100 each

\$163,100.00

Issued—

3,631 shares of \$100 each

363,100.00

Common shares, without nominal or par value:

Authorized—

50,050 shares

Issued—

30,050 shares, fully paid

88,261.46

EARNED SURPLUS, per statement attached

974,433.62

1,425,795.08

\$2,667,869.07

AUDITORS' REPORT TO THE SHAREHOLDERS—

We have examined the balance sheet of H. Simon & Sons, Limited as of December 31, 1960 and the statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, P.Q.
February 1, 1961.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

H. SIMON & SONS, LIMITED

STATEMENT OF PROFIT AND LOSS

Year ended December 31, 1960

OPERATING PROFIT:		\$361,302.16
(After providing \$100,988.47 for depreciation, and before deducting the undernoted items)		
DEDUCT:		
Salaries of executive officers	\$71,760.57	
Directors' fees	240.00	
Legal fees	5,453.47	
Employees' pension plan	<u>34,574.06</u>	112,028.10
		<u>249,274.06</u>
DEDUCT:		
Provision for taxes on income		117,500.00
NET INCOME FOR THE YEAR		<u><u>\$131,774.06</u></u>

STATEMENT OF EARNED SURPLUS

Amount at December 31, 1959	\$860,814.56
Net income for the year	131,774.06
	<u>992,588.62</u>
Deduct dividends paid on preferred shares	18,155.00
Amount at December 31, 1960	<u><u>\$974,433.62</u></u>

S I M O N ' S

Havana Cigars

In all sizes

L A F L O R E N A

All Havana

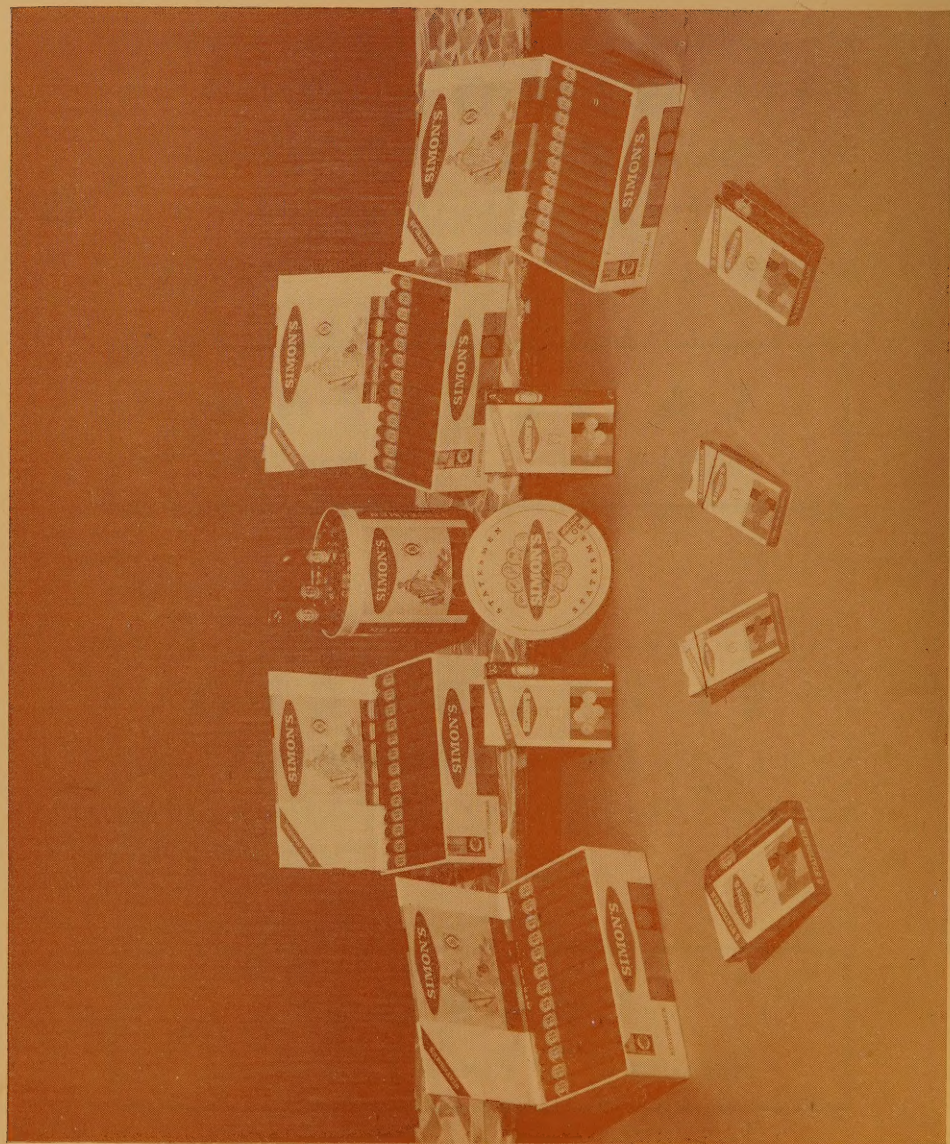
Cuban Style

E L P R O D U C T O

For real enjoyment

T U E R O S

Habana de J. Tuero y Hermanos



S I M O N ' S



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